
THE CANADIAN GEOTECHNICAL SOCIETY
Financial Statements
Year Ended December 31, 2017

THE CANADIAN GEOTECHNICAL SOCIETY
Index to Financial Statements
Year Ended December 31, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Schedule of Conference Revenues (<i>Schedule 1</i>)	11
Schedule of Membership Fees (<i>Schedule 2</i>)	11
Schedule of Conference Expenditures (<i>Schedule 3</i>)	12
Schedule of Membership Expenditures (<i>Schedule 4</i>)	12
Schedule of Society Operations Expenditures (<i>Schedule 5</i>)	13

INDEPENDENT AUDITOR'S REPORT

To the Members of The Canadian Geotechnical Society

We have audited the accompanying financial statements of The Canadian Geotechnical Society, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of The Canadian Geotechnical Society *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Canadian Geotechnical Society as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Johnsen Archer LLP

Surrey, B.C.
June 22, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash	\$ 385,984	\$ 350,373
Restricted cash - Cold Regions Division (Note 3)	12,776	12,776
Restricted cash - Engineering Geology Division (Note 3)	8,836	8,836
Restricted cash - Education Committee (Note 3)	14,479	17,479
Investments (Note 4)	116,552	115,610
Accounts receivable	75,838	136,212
Advances receivable (Note 5)	15,000	45,000
Loans to Canadian Foundation for Geotechnique (Note 6)	235,000	235,000
	864,465	921,286
Equipment (Note 7)	732	1,463
	\$ 865,197	\$ 922,749
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 46,568	\$ 48,606
Deferred revenue (Note 9)	56,588	70,183
	103,156	118,789
NET ASSETS		
Unrestricted net assets	725,950	764,869
Internally restricted net assets - Cold Regions Division	12,776	12,776
Internally restricted net assets - Engineering Geology Division	8,836	8,836
Internally restricted net assets - Education Committee	14,479	17,479
	762,041	803,960
	\$ 865,197	\$ 922,749

ON BEHALF OF THE BOARD

Director

Director



THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2017

	2017	2016
Revenue		
Conferences (<i>Schedule 1</i>)	\$ 48,396	\$ 118,199
Interest and miscellaneous income	1,791	3,585
Membership fees (<i>Schedule 2</i>)	250,368	258,838
Publications	27,897	32,648
Sponsorships	11,500	12,500
	339,952	425,770
Expenditures		
Conferences (<i>Schedule 3</i>)	8,537	5,052
Membership (<i>Schedule 4</i>)	127,720	131,997
Publications-CFEM	8,257	9,908
Society operations (<i>Schedule 5</i>)	237,357	266,595
	381,871	413,552
Excess (deficiency) of revenue over expenditures for the year	\$ (41,919)	\$ 12,218

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2017

	Unrestricted	Internally restricted	2017	2016
Net assets - beginning of year	\$ 764,869	\$ 39,091	\$ 803,960	\$ 791,742
Excess (deficiency) of revenue over expenditures	(38,919)	(3,000)	(41,919)	12,218
Net assets - end of year	\$ 725,950	\$ 36,091	\$ 762,041	\$ 803,960

THE CANADIAN GEOTECHNICAL SOCIETY
Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (41,919)	\$ 12,218
Item not affecting cash:		
Amortization of equipment	731	487
	(41,188)	12,705
Changes in non-cash working capital:		
Accounts receivable	60,374	(71,556)
Advances receivable	30,000	-
Accounts payable and accrued liabilities	(2,038)	6,653
Deferred revenue	(13,595)	3,362
	74,741	(61,541)
Cash flow from (used by) operating activities	33,553	(48,836)
Investing activities		
Accrued interest on investments	(942)	(864)
Maturity of investments (net)	-	109,697
Purchase of equipment	-	(1,950)
Cash flow from (used by) investing activities	(942)	106,883
Increase in cash	32,611	58,047
Cash - beginning of year	389,464	331,417
Cash - end of year	\$ 422,075	\$ 389,464
Cash consists of:		
Cash	\$ 385,984	\$ 350,373
Restricted cash - Cold Regions Division	12,776	12,776
Restricted cash - Engineering Geology Division	8,836	8,836
Restricted cash - Education Committee	14,479	17,479
	\$ 422,075	\$ 389,464

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2017

1. NATURE OF OPERATIONS

The Canadian Geotechnical Society (the "Society") is incorporated under the Canada Not-for-Profit Corporation Act without share capital. The Society is not subject to income taxation pursuant to paragraph 147(1)(f) of the Income Tax Act (Canada), subject to compliance with the rules contained therein. The Society is engaged in providing continuing education for geotechnical engineers and related geosciences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates include valuation of short-term investments, accounts receivable, advances receivable, long-term investments and loans to the Canadian Foundation for Geotechnique, and completeness of accounts payable and accrued liabilities. These estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Contributed services

The Society and its members benefit greatly from donated services in the form of volunteer time for various divisions. The value of donated services that cannot be reliably measured is not recognized in these financial statements.

Revenue recognition

The Society follows the deferral method of accounting. Unrestricted revenues are recognized as revenue when received or receivable.

Externally restricted revenues are deferred and recognized as revenue when the related expenditures have been incurred.

Membership revenue, conference revenue, publication revenue, and sponsorship revenue are taken into income in the period in which they are earned.

Allocation of expenditures

Management allocates human resource expenditures based on the respective time committed to the specific areas of operations.

Investments

Investments, which consist primarily of mutual funds, are carried at cost plus accrued interest.

(continues)

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life at a declining balance rate of:

Computer equipment	50%
--------------------	-----

Equipment is amortized at one-half the normal annual rate in the year of acquisition. No amortization is recorded in the year of disposition.

The Society regularly reviews its capital assets to eliminate obsolete items.

Equipment is written down when it no longer provides any long-term service potential to the Society. Any write-down is recognized as an expense to the extent an asset's carrying value exceeds its residual value.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, derivatives and investments in equity instruments quoted in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments carried at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments carried at amortized cost are deferred and amortized over the life of the related instrument.

3. RESTRICTED CASH

Restricted cash consists of funds that are internally restricted by the Board of Directors of the Society for future use by the specific Division or Committee to undertake various tasks, workshops, or conferences on behalf of the Society in order to support future education initiatives in the geosciences field.

4. INVESTMENTS

	2017	2016
RBC mutual funds	\$ 116,552	\$ 115,610

The investments pay an interest rate of 1.1% annually and do not have a maturity date.

5. ADVANCES RECEIVABLE

Advances receivable consist of seed monies provided to conference organizers. These amounts are unsecured and non-interest bearing, and are due upon completion of the conferences.

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2017

6. LOANS TO CANADIAN FOUNDATION FOR GEOTECHNIQUE

	2017	2016
Due dates:		
February 28, 2018	\$ 35,000	\$ 35,000
May 31, 2020	100,000	100,000
May 31, 2022	100,000	100,000
	\$ 235,000	\$ 235,000

The loans to Canadian Foundation for Geotechnique are non-interest bearing, unsecured and notwithstanding the dates shown above, are due on demand. Subsequent to year-end, the loans which mature February 28, 2018 have been renewed and are collectible in the third quarter of 2018.

7. EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 1,950	\$ 1,218	\$ 732	\$ 1,463

As at December 31, 2017, no events or changes in circumstances had occurred which indicated that the carrying amounts of equipment require a write-down.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances for Goods and Services Tax payable of \$227 (2016: \$683).

9. DEFERRED REVENUE

Deferred revenue represents 2018 membership fees received during the year.

10. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, restricted cash, investments, accounts receivable, advances receivable, loans to Canadian Foundation for Geotechnique, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant commodity, interest or currency risks arising from these financial instruments.

(continues)

THE CANADIAN GEOTECHNICAL SOCIETY
Notes to Financial Statements
Year Ended December 31, 2017

10. FINANCIAL INSTRUMENTS *(continued)*

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from members. In order to reduce its credit risk, the Society reviews a new member's credit history before extending credit and conducts regular reviews of its existing members' credit performance. An allowance for doubtful accounts of \$nil (2016: \$nil) is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Society has a significant number of members which minimizes concentration of credit risk.

Fair Values

The Society's carrying values of cash, restricted cash, accounts receivable, advances receivable, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments.

The fair values of investments approximate their carrying values as these investments bear interest at market rates.

The loans to Canadian Foundation for Geotechnique due on demand and their carrying values approximate fair value.

11. DIRECTOR COMPENSATION

During the year, the Society paid \$62,595 (2016: \$60,810) to the Executive Director and \$95,707 (2016: \$103,918) to an external contractor.

12. NEW INITIATIVES

New initiatives represent one time project costs related to specific yearly initiatives planned by the board of directors.

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Revenues

(Schedule 1)

Year Ended December 31, 2017

	2017	2016
Annual conference	\$ 48,396	\$ 112,140
Other conferences	-	6,059
	\$ 48,396	\$ 118,199

Schedule of Membership Fees

(Schedule 2)

Year Ended December 31, 2017

	2017	2016
Membership fees collected directly		
Membership fees	\$ 246,728	\$ 254,354
Membership fees collected through other societies		
Canadian Society for Civil Engineers	2,320	3,404
International Association of Hydrogeologists	1,170	780
North American Geosynthetics Society	150	300
	3,640	4,484
	\$ 250,368	\$ 258,838

THE CANADIAN GEOTECHNICAL SOCIETY

Schedule of Conference Expenditures

(Schedule 3)

Year Ended December 31, 2017

	2017	2016
Annual conference supplies	\$ 657	\$ 149
Student assistance	4,229	3,343
Net Legget dinner costs	3,651	1,560
	\$ 8,537	\$ 5,052

Schedule of Membership Expenditures

(Schedule 4)

Year Ended December 31, 2017

	2017	2016
Membership fees submitted to other societies		
Canadian Federation of Earth Sciences	\$ 2,000	\$ 2,000
Canadian Society for Civil Engineering	8,700	8,694
Canadian Society of Engineering Management	500	400
Engineering Institute of Canada	4,572	2,870
International Association of Engineering Geology	6,228	5,848
International Association of Hydrogeologists	3,585	3,460
International/North American Geosynthetics Society	5,018	4,766
International Society for Rock Mechanics	3,360	3,450
	33,963	31,488
Publications		
BiTech - Geotechnical News	53,400	56,760
Canadian Geotechnical Journal	40,357	43,749
	93,757	100,509
	\$ 127,720	\$ 131,997

THE CANADIAN GEOTECHNICAL SOCIETY
Schedule of Society Operations Expenditures
Year Ended December 31, 2017

(Schedule 5)

	2017	2016
Administration - GGMI	\$ 95,707	\$ 103,918
Amortization	731	487
Audit fees	9,070	9,243
Bank and credit card charges	7,068	8,707
Certificates and awards	1,925	3,099
Cross Canada lecture tour	6,802	7,553
Insurance	247	247
Meetings	3,561	2,418
New initiatives (Note 12)	13,808	36,051
Office	2,454	5,114
Postage and courier	249	362
Printing and graphics	-	215
Secretary and executive director fees	62,595	60,810
Sections subsidies	1,201	500
Telephone & internet	2,858	1,076
Translation	6,013	5,971
Travel	11,938	11,855
Website	11,130	8,969
	\$ 237,357	\$ 266,595